

CHAPTER 11

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CHAPTER 11

AUDIT PROCEDURES1101 AUDIT PROCEDURES

110101. General. Members are paid based on the information resident in the MCTFS. To ensure that payments are proper, all required pay-related information must be reported completely and accurately. Auditing detects inaccurate and incomplete information, whether caused by erroneous reporting or automated system deficiencies. Effective auditing before reporting will eliminate most erroneous payments because any errors would be found and corrected. These audits are an essential part of the internal controls of the overall pay system.

110102. Responsibilities

A. Commanding Officer. The commanding officer is responsible for the accuracy, completeness, and acceptance into the MCTFS of all pay-related information reportable by diary. The commanding officer must, therefore, ensure that:

1. All information which can be reported by diary is accurate,
2. All information which should be reported is in fact reported, and
3. All information which is reported is accepted (processed) by the MCTFS.

B. Finance Officer. The finance officer is responsible for the accuracy, completeness, and acceptance into the MCTFS of all finance-reportable information; for detecting system deficiencies; and for correcting records affected by system deficiencies and limitations. The finance officer must therefore ensure that:

1. All information reported is accurate,
2. All information which is to be reported is in fact reported,
3. All information which is reported is accepted (processed) by the MCTFS,
4. System deficiencies affecting records maintained by the finance officer are detected, and
5. MMPAs affected by system deficiencies and limitations are corrected.

110103. Internal Controls

A. Internal controls comprise the plan of organization and those methods and procedures adopted by management to ensure that the "job gets done" properly, consistent with laws, regulations, and policies; without waste, loss, or misuse of resources; and with reasonable assurance that reliable information is obtained, maintained, and reported. Internal controls must be identified and documented (written down) in order for all personnel to know what should be done and to provide supervisors with an effective tool to review their operation. Standard operating procedures (SOP) are one form of documented internal controls.

B. Commanding and finance officers must establish written internal control procedures, which describe the methods used to ensure accurate and complete reporting of pay-related information. These written procedures should be tailored to fit the needs of each administrative or finance office, and can take the form of any, all, or a combination of the following: SOPs, individual desk top procedures, unit/organization directive(s), "tickler files," etc. Regardless of the form of the written internal controls, they must, at a minimum, include: audit procedures, billet responsibilities, document flow within the office, and relationships with other organizations, for example, DFAS-KC, JRC, or housing office. Once documented, the internal controls must be complied with and should be updated as needed.

110104. Audit Requirements of The Commanding Officer

A. Before a diary is certified, each entry must be compared with the source document substantiating that entry.

B. Audit the following to detect errors in diary-reportable items:

1. Join LES Audit. Audit all LESs in the service record upon receipt of the first LES after a member is joined to the command for duty, for TAD in excess of 30 days, or returns from TAD in excess of 30 days.

2. Join Process or Triennial LES Audit. The following elements will be verified for accuracy.

a. Regular Leave. This shows the regular leave balance at the end of the period covered by the annual LES. This figure, when added to the SLB, equals the total leave balance shown in block 27.

b. Total Lump-Sum Leave Paid. This shows the total number of days of LSL paid since 10 February 1976.

c. RRB. This shows the effective date of the last payment, total RRB paid and recouped, total authorized, length of the period of service for which the bonus was paid, and enlistment for which paid.

d. ENLBON. This shows the type of bonus, amount paid, date paid, and MOS for which the bonus was paid.

e. SRB. This shows the zone, multiple, total entitlement, total paid, installment plan, anniversary date, and whether or not the member was serving in a combat tax exclusion zone at the time the bonus was paid.

f. Saved Leave Data. This shows the SLB on 31 August 1976, the number of days of saved leave used since that date, and the current SLB.

g. Combat leave Balance (CLB). This shows the combat leave balance as shown in block 27.

h. Lump Sum Leave (LSL). This shows the LSL paid as shown in Block 26.

3. Corrective Action

*a. Regular Leave Balance (RLB). The number of days of leave taken since the last annual LES must be verified by the commanding officer with the NAVMC 3's: Leave Authorization (officer and enlisted) in the unit's correspondence files under SSIC 1050. Commanding officers can correct an erroneous RLB by using unit diary statements, as explained in the narrative and DLT covering leave reporting contained in MCO P1080.40. When the RLB cannot be corrected by unit diary statements, the commanding officer will request that the finance officer credit, check, or change the leave dates using TTC 556/000 or 557/000. The finance officer is to review the member's 916 remark (subsistence credit), 924 remark (subsistence debit), 926 remark (misc credit), and 927 remark (misc debit) to determine if the leave period being adjusted is in the member's MMPA.

When the period being adjusted is in the member's MMPA, the MCTFS will automatically credit/check the member's monthly BAS. When the period being adjusted is not in the member's MMPA, the finance officer must report a credit/checkage for monthly BAS.

TTC/SEQ 556/000

CRED|LV PRD- (1) TO (1) | (2)

(1) Eight-digit leave period dates

(2) Eight-digit date of credit

TTC/SEQ 557/000

CHEK|LV PRD- (1) TO (1) | (2)

- (1) Eight-digit leave period dates
- (2) Eight-digit date of checkage

b. Saved Leave Balance (SLB). Commanding officers can correct an erroneous SLB using diary statements, as explained in the narrative and DLT covering leave reporting contained in MCO P1080.40. When the SLB cannot be corrected by conventional diary statements, the commanding officer will request the finance officer to correct the SLB (refer to Chapter 1).

- 4. Automated Reports Audit. Refer to MCO P1080.40.

*110105. Audit Requirements Of The Disbursing/Finance Officer

*A. The DO/FO will conduct an audit of a member's Master Military Pay Account (MMPA) within 10 working days upon receipt of any of the following:

- 1. A Settled permanent change of station (PCS) travel voucher.
- 2. Statement in lieu of settled PCS travel voucher.
- 3. The inconsistent condition report (ICR) D04.
- 4. A settled temporary additional duty (TAD) excess voucher.

*Note: If the DO/FO made adjustments to the MMPA based on information obtained from a statement in lieu of settled PCS travel voucher, ICR DO4 condition, or a settled temporary additional duty (TAD) excess voucher they must after receipt of the actual PCS travel voucher verify that the previous information that was reported is in-fact correct.

B. A Join Audit will be considered complete when an elapsed time entry and all other necessary adjustments have posted to the MMPA without producing a MECF report. All miscellaneous pay adjustments reported into the MCTFS during this audit will have detailed history statements added to the entry. This will provide assistance to the administrative units conducting their join audit.

C. Each entry on the diary must be compared with the source document substantiating that entry before the diary is certified. Audit the following detectable errors in finance-reportable items:

1. After a member's elapsed entry has been reported and processed, the finance officer will audit each leg of elapsed time for those members who have multiple legs of travel. This includes members attached to the command on TAD in excess of 30 days and when they return to their parent command. The audit is intended to ensure that pay entitlements affected by the change of station or TAD are properly credited. This may be accomplished using the various VIS remarks, the VIS remarks summary screen, transaction researcher file, MECF, ADF, etc.

2. Ensure that a member's MMPA is accurate from the date of detachment to the day prior to a member's current join date.

3. Issue a discrepancy notice (DN) to the commanding officer or personnel officer for any potential error in the MMPA that cannot be verified or corrected by the finance officer. The finance officer will track the DN's issued until the DN is corrected or answered.

D. Automated Reports. For the MCTFS automated reports generated, see Chapter 9.

1. Audit the MMPA when preparing the NAVMC 11021: Discharge Account Summary for those members being separated. This audit should be a thorough review of the VIS remarks summary screen to discover any error that might exist in the MMPA. If an apparent discrepancy is discovered for which the commanding officer is responsible, contact the commanding officer as soon as possible to verify the accuracy of the MMPA and to prevent a possible erroneous payment upon separation.

2. The finance officer will verify a member's pay group with the commanding officer to ensure that the component code is correct. If the component code is correct and the pay group is incorrect, use TTC 527 to change the pay group.

TTC/SEQ 527/*

STRT | PG- (*) | (1)

(1) Eight-digit effective date

*See your current TTC listing for the appropriate sequence number. Sequence number generates the appropriate pay group.